

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, March 19, 1931, at 12:10 p. m.

PRESENT: Governor Meyer  
Mr. Hamlin  
Mr. James  
Mr. McClelland, Assistant Secretary.

The Assistant Secretary presented various communications and reports which were considered by the Committee and acted upon as follows:

Telegram dated March 18th from the Chairman of the Federal Reserve Bank of St. Louis, advising that his board of directors, at its meeting on that date, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letters dated March 16th from the Comptroller of the Currency, recommending approval of National Bank Examiners' salaries as follows:

<u>Name</u>	<u>Salary recommended</u>
Chelsea E. Underwood	\$3,000
Walter W. Olson	3,000
Gustave W. Jorres	2,700

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 16th, from the Secretary of the Federal Reserve Bank of Atlanta, advising of vacation periods fixed by the board of directors of that bank for the officers and employees of its head office, branches and agencies during the current year; the Board's Committee recommending approval.

Upon motion, it was voted to interpose no objection to the vacation periods fixed by the board of directors of the Atlanta bank.

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Letter dated March 16th from Deputy Governor Gilbert of the Federal Reserve Bank of New York, replying to letter approved at the meeting of the Executive Committee on March 11th, with regard to the acceptance of "continuation certificates" as receipts for the payment of premiums on bonds covering Federal Reserve agents and Assistant Federal Reserve agents; Mr. Gilbert's letter enclosing bonds in the amount of \$100,000 and \$50,000, executed under date of March 16th by Mr. J. H. Case as Federal Reserve Agent, and Mr. W. H. Dillistin as Assistant Federal Reserve Agent, respectively, and issued to take the place of previous bonds on which "continuation certificates" had been accepted.

Upon motion, the bonds submitted with Mr. Gilbert's letter were approved.

Upon motion, the circular letter to all Federal Reserve agents with regard to accepting "continuation certificates", on which action was deferred at the meeting on March 11th, was also approved and ordered transmitted.

Draft of reply to letter dated March 16th from the Chairman of the Federal Reserve Bank of Atlanta advising that at the meeting of the directors of the bank on March 13th, it was voted, subject to the approval of the Board, to authorize the Federal Reserve Agent and the Federal Reserve Bank of Atlanta, through its Governor, to enter into an agreement continuing a reserve stock of \$5,000,000 of unissued Federal Reserve notes at the Jacksonville Branch after the expiration of the present agreement on April 1, 1931; the proposed reply stating that the Board will interpose no objection to the continuation of the reserve stock under the same arrangement as governed the original establishment of the stock, it being understood, as in the case of the original agreement, that if at any time the arrangement should, for any reason, appear to be impracticable or in any way objectionable, the

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Federal Reserve Board will require it to be discontinued or modified in any way which may seem proper under the circumstances.

Upon motion, the proposed letter was approved.

Letter dated March 14th from the Federal Reserve Agent at the Federal Reserve Bank of Chicago, transmitting a voluntary notice of intention to withdraw from membership in the Federal Reserve System filed by the Twenty-sixth Street State Bank of Chicago, and recommending that inasmuch as the bank has recently entered into a contract to sell its assets to the Lawndale National Bank of Chicago, the Board grant the bank's request that it be permitted to withdraw from membership immediately.

Upon motion, it was voted to waive the usual requirement of six months' notice of intention to withdraw from membership in this case, and to permit the Twenty-sixth Street State Bank of Chicago to withdraw from membership immediately under the voluntary notice of intention filed by it.

Letter dated March 12th from the Governor of the Federal Reserve Bank of Dallas, with regard to the unsatisfactory condition of the First National Bank of El Paso, Texas.

Noted, and copy ordered transmitted to the Comptroller of the Currency with a request that he advise the Board of any plan he may have in mind looking toward an adjustment of the affairs of the bank.

Draft of reply to letter dated March 14th from the Federal Reserve Agent at the Federal Reserve Bank of Chicago, inquiring whether the Board will require formal applications from the Peoples Wayne County Bank of Detroit for approval of its action in taking over the assets and liabilities of the American State Bank of Detroit, and from the Highland Park State Bank of Highland Park, Michigan, for approval of its action in taking over the assets

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and liabilities of the American State Bank of Highland Park, Michigan; the proposed reply stating that in view of the circumstances, and in the light of the favorable recommendations of the Executive Committee of the Chicago Bank, the Board will interpose no objection to the transactions.

Upon motion, the proposed letter was approved.

Memorandum dated March 11th from the Comptroller of the Currency, recommending approval of an application filed by the First National Bank of Quitman, Georgia, for permission to reduce its capital stock from \$150,000 to \$100,000, effective if and when the applicant bank is consolidated with the Peoples National Bank of Quitman, under the title of "Peoples-First National Bank of Quitman"; the plan of consolidation involving the elimination of criticized assets totalling \$95,965.90 from the consolidating banks against the \$50,000 released by the capital reduction of the First National Bank and the \$50,000 capital of the Peoples National Bank.

Upon motion, it was voted to approve the reduction effective if and when the proposed consolidation is consummated and on condition that no part of the reduction be returned to the shareholders, but that the entire amount be used, in accordance with the plan of consolidation, in the elimination of criticized assets.

Memorandum dated March 18th from Mr. Hamlin, in connection with a memorandum from Counsel dated March 16th, with regard to the question whether the Union National Bank of Lenoir, N. C., which was authorized by the Board on February 27, 1931 to exercise such trust powers as are necessary in the handling of trusts taken over from the First National Bank of Lenoir, may act as co-executor or co-administrator under a will filed with the trust department of the First National Bank on April 26, 1930, and becoming effective on January 3, 1931, at which time the First National Bank was closed;

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Mr. Hamlin stating that, in his opinion, the Union National Bank may accept this particular trust under the authority granted, since the Board, in refusing to permit acceptance of any new business, had in mind any trust business not acquired by the Union National Bank from the First National Bank of Lenoir.

After discussion, upon motion, it was voted to advise the Federal Reserve Agent at Richmond that the bank may accept the particular trust referred to under the authority granted by the Board.

Memorandum from Counsel, dated March 18th, submitting draft of telegram to the Federal Reserve Agent at Dallas, with further reference to compliance by the Security State Bank and Trust Company, Beaumont, Texas, with the special condition of membership under which the bank is required to increase its capital stock within five years to \$200,000; the proposed telegram stating, in reply to inquiries made by the Federal Reserve Agent, that calculation of the amount to be set aside out of 1929 earnings to a fund exclusively applicable to an increase in capital should be based upon the entire net earnings for that year, and that as regards 1930, necessary entries should be made immediately preceding the payment of each dividend.

Upon motion, the proposed telegram was approved and ordered transmitted.

REPORTS OF STANDING COMMITTEES:

Dated, March 18th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.

The meeting adjourned at 12:45 p. m.

E. W. Woodland  
Assistant Secretary

Approved:

[Signature]  
Governor

(Executive  
Committee)AUXILIARY MINUTES  
(March 19, 1931)

Reports of Standing Committee dated March 18th, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u> Hudson Falls National Bank, Hudson Falls, N. Y. (V.L.Abs. by Sandy Hill National Bank, of Hudson Falls)	65	65
<u>District No. 4.</u> Anglaize National Bank, Wapakoneta, Ohio. (V.L.Abs. by Peoples National Bank of Wapakoneta)	90	90
<u>District No. 6.</u> Farmers & Merchants National Bank, Rockmart, Ga. (Insolvent)	30	
Jackson Banking Company, Jackson, Georgia. (Insolvent)	<u>36</u>	66
<u>District No. 7.</u> First National Bank, Floyd, Iowa. (Insolvent)	20	
First National Bank, Westfield, Illinois. (Insolvent)	<u>48</u>	<u>68</u>
	Total	289

E. W. Woodland  
Assistant Secretary.

Approved:

Ernest C. ...  
Governor.